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Mr. Chairman and Members of the Subcommittee, I am Benjamin H. Grumbles, Assistant Administrator for Water at the United States Environmental Protection Agency (EPA). Thank you for the opportunity to discuss the Chesapeake Bay Program and HR 4126 which reauthorizes the program.

The Chesapeake Bay is the largest estuarine ecosystem in North America, playing a vital role in the history, culture and commerce of six states and the District of Columbia. The Bay watershed is home to over 16 million people and provides millions more a place to enjoy its splendor and allows them to participate in recreational activities along the many miles of shoreline. The role of the federal, state, local, and private collaboration that is the Chesapeake Bay Program has never been more important than it is now, if we are to be successful in the restoration and conservation of this national treasure.

I. A HISTORY OF ACHIEVEMENTS

This committee's long-standing support of EPA's Chesapeake Bay Program office has enabled it to act as a catalyst for the collaborative effort to restore and protect this national treasure. In the face of dramatic growth, the

partnership has achieved a number of noteworthy accomplishments. More than 1,800 miles of migratory fish passage have been reopened, making it the most successful program of its kind in the nation. More than 4,000 miles of riparian forest buffers have been planted, making the Chesapeake region a national leader in this development of "green infrastructure." Between 1998 and 2004, just over 10,000 acres of tidal and non-tidal wetlands were reestablished or established in Maryland, Virginia, Pennsylvania, and D.C. and nearly 50,000 acres of wetlands have been enhanced. These wetlands are helping increase habitat for plants and animals and the improve water quality in the Bay. We have helped make advanced nutrient removal technology at wastewater treatment plants affordable and have spread the technology broadly. Today we have more wastewater treatment facilities using these technologies than any other watershed, and our plans are to expand the practice to more than 450 facilities basin-wide. The extent of underwater bay grasses has nearly doubled since its low point in 1984.

We have coordinated our efforts with our partner federal agencies, state and local governments, the private sector and citizens that are a part of its watershed. There remain many challenges in the Chesapeake Bay. Dissolved oxygen levels dip dangerously low every summer and a number of key species such as native oysters are at very low levels. There is much more work to be done. We must act quickly to tackle some of the obstacles that impede our restoration efforts.

II. CURRENT EFFORTS AND FUTURE CHALLENGES

The President's FY 2007 Budget requests $26 million for the Chesapeake Bay Program, a $4 million increase over FY 2006. The Program will use these funds to implement restoration activities needed to help the Bay meet water quality standards. Planned activities include stormwater management, wetlands protection, and submerged aquatic vegetation restoration.

In order to accelerate the pace of water quality and aquatic habitat restoration, Bay Program partners are taking a number of steps to make the most cost-effective use of available regulatory, incentive and voluntary tools.

Core Clean Water Act programs provide a foundation of water pollution control and wetlands protection that is critical to conserving and restoring Chesapeake Bay tidal waters. I will focus on these programs in a moment.

Clean Air Act regulations controlling emissions of nitrogen compounds also contribute substantially to Bay restoration. This Administration proposed Clear Skies legislation and promulgated a similar rulemaking - the Clean Air Interstate Rule, or CAIR. This major initiative will provide important air quality benefits. We have estimated that when it is fully implemented, CAIR will cut nitrogen loads to the Chesapeake. Because air emissions of nitrogen compounds can precipitate out onto the landscape and eventually wash into local water bodies, air emissions can also be a source of water pollution in the

Chesapeake Bay. We have estimated that when it is fully implemented, CAIR will cut nitrogen loads to the Chesapeake by as much as 10 million pounds.

NEW WATER QUALITY STANDARDS AND POLLUTION REDUCTION GOALS

Through the scientific and collaborative processes that are the Program's hallmark, the EPA Bay Program led all seven watershed jurisdictions and stakeholders to establish new water quality goals for the Bay tidal waters – goals that better reflect historic conditions in the Bay and represent the best available science. These goals are now embodied in new state water quality standards. The partners -- including the states of Delaware, Maryland, New York, Pennsylvania, Virginia and West Virginia as well as the District of Columbia and EPA -- then used the EPA Bay Program's analytical tools to reach consensus on new pollution budgets for all parts of the watershed to serve as the basis for assigning cleanup responsibility in the Tributary Strategies. The Bay Program's extensive compilation of technology and cost information was used to assess the most cost-effective practices to emphasize.

In December 2004, EPA issued an innovative Chesapeake Bay basin-wide "permitting approach" for municipal and industrial wastewater NPDES point sources which shows that watershed partnerships can yield impressive environmental results. More than 450 wastewater facilities across all jurisdictions are covered by this approach, and we estimate that the net reduction in nitrogen loads to the Bay will be more than 17 million pounds annually when all the permits are implemented over the next several years. These pollution reductions

are impressive, and would not be occurring without the EPA Chesapeake Bay Program. Bay Program science justified the new nutrient permit limits, and also a cost-saving measure for wastewater treatment plants by justifying the use of annual (rather than weekly or monthly) limits in the permits.

ADDITIONAL REGULATORY TARGETS

With EPA support, all of the states in the watershed are setting stronger nutrient limits for wastewater facilities under the Chesapeake Bay permitting approach. New permit requirements are also being put in place for Concentrated Animal Feeding Operations. Finally, Bay Program partners are also taking steps to improve storm water pollution control requirements for both municipal storm sewers and construction permits.

NEW COST EFFECTIVENESS STRATEGIES

In Wastewater Treatment: We have already taken steps to increase the cost-effectiveness of nutrient controls in wastewater treatment, by supporting demonstrations of biological nitrogen removal and justifying use of annual load limits in permits.

With EPA's strong support, Virginia has drafted a watershed permit that provides for nutrient trading that will cover all 125 significant wastewater facilities in the Commonwealth by next January. A cost analysis conducted for the Bay Program estimated that nutrient trading could save $200 million in the Potomac River basin by 2011. Similarly, Pennsylvania has already approved nutrient

trades on a case-by-case basis. EPA is working closely with that state as it moves ahead with a broad nutrient trading policy that will capture the benefits of this innovative market-driven approach to pollution reduction.

In Agriculture: The cleanup plans called Tributary Strategies define specific approaches for reducing nutrient and sediment loads from agricultural operations, the largest category of nutrient sources. They emphasize agricultural Best Management Practices (BMPs) such as nutrient management, low/no-till cultivation, cover crops and forest buffer restoration. Using data provided by the EPA Chesapeake Bay Program, the tri-state legislative Chesapeake Bay Commission issued its Cost-Effective Strategies for the Bay report in December 2004. This publication points out that the agricultural BMPs now being incorporated into the state Tributary Strategies are among the most cost-effective of all measures for controlling nutrient-sediment pollution loads.

A prime example of this effective partnership in action was on display on April 24 in Elizabethtown, PA, when U.S. Department of Agriculture Secretary Mike Johanns hosted an event to honor the Pennsylvania no-till partnership's efforts to conserve our natural resources by increasing the use of no-till systems. For over a year, a diverse group of stakeholders worked together in this important part of the Chesapeake Bay watershed to help farmers conserve our natural resources by increasing the use of continuous no-till systems.

Similarly, working in close association with our partners at the USDA, the state agricultural agencies and industry, the EPA Bay Program has developed an animal manure management strategy which emphasizes innovative measures such as animal feed adjustment, and encourages markets for manure-based products, such as soil amendments on federal and state lands.

In Urban/Suburban Lands: In 2004 the Blue Ribbon Finance Panel established by the Chesapeake Bay Executive Council stressed that storm water pollution prevention, coupled with preservation of riparian forest buffers and wetlands, was by far the most cost-effective approach to controlling pollution from urban/suburban development. The Executive Council agreed, and now the partners are moving to strengthen these efforts.

The goal is to establish and implement a basin-wide consensus on principles for managing new development and redevelopment, linking federal, state and local programs and emphasizing "low impact development," preservation of natural streamside buffers, increased urban tree canopy and wetlands restoration, with watershed approaches including trading and restoration banking.

SPECIAL GRANTS PROGRAMS

The Targeted Watershed Grants program shows great promise. At the Administration's request, the Congress appropriated nearly $8 million in FY 2005 specifically targeted to the Chesapeake watershed. These funds are being used

to support ten large-scale projects designed to demonstrate the nutrient reduction effectiveness of a number of different BMPs, and they are expected to result in nitrogen reductions of over nine million pounds and phosphorus reductions of nearly seven million pounds.

In his FY 2007 budget, the President is also proposing another major initiative to help accelerate the restoration of the Chesapeake. The proposed $6 million Corsica Watershed Project is a pilot program that, along with a State match, will demonstrate how a comprehensive array of restoration activities, implemented in a coordinated fashion, can restore a vital subwatershed of the Chesapeake. We believe that this initiative will demonstrate the effectiveness of an integrated approach to watershed management that can be replicated across all seven states.

Wetlands provide critical environmental and ecosystem health benefits to regions such as the Chesapeake Bay watershed, including improving water quality and supplying habitat to hundreds of species. In order to substantially enhance wetland restoration nationwide, the FY 2007 Budget proposes $403 million -- a $153 million increase -- for the U.S. Department of Agriculture's Wetlands Reserve Program (WRP) to enroll and restore 250,000 acres. Through the Budget's increased support, WRP will restore 100,000 more wetland acres than authorized in FY 2006 across a broad range of ecosystems, such as floodplain forests, prairie potholes, and coastal marshes. The WRP provides grants to private landowners to purchase conservation easements and share the

cost of restoring wetland habitat on agricultural lands. The Department of Agriculture will target WRP's restoration efforts where they are most needed, such as to states with the greatest loss of their historic wetland acreage, to areas with impaired water quality, and to regions important for the protection and recovery of priority at-risk and migratory wildlife species.

LEVERAGING AND FOCUSING FEDERAL AND STATE FINANCES

The annual $20 million investment in the EPA Chesapeake Bay Program has been especially effective in leveraging and directing funds from an impressive list of Federal and State partners in the restoration effort. In the most complete accounting to date, GAO found that nearly $3.7 billion in direct spending and more than $1.9 billion in indirect funding was provided from 1995-2004 on the full range of restoration activities (constant FY2004 dollars).

Like EPA, our state partners have implemented a number of new funding programs in recent years, highlighted by Gov. Ehrlich's "flush fee" that captures a small monthly user fee used to fund restoration activities ranging from wastewater treatment plant upgrades to agricultural cover crop incentives.

With this range and depth of funding sources, it is vital that we provide effective coordination and leadership. Last October I chaired a meeting among the leadership of 17 Federal departments and agencies dedicated to Chesapeake Bay restoration. We signed a formal resolution to "Enhance Federal Cooperative Conservation in the Chesapeake Bay Program," and we are

actively pursuing a number of inter-agency initiatives now that are putting the President's vision into action.

The President has also launched a Federal government-wide Cooperative Conservation program to better develop and implement conservation programs across the Nation. At the White House Conference on Cooperative Conservation, held last August in St. Louis, the Chesapeake Bay Program was one of the national examples of successful efforts to put this comprehensive stewardship ethic into practice.

III. HR 4126 AND NEXT STEPS

The Chesapeake Bay Restoration Enhancement Act, HR 4126, reauthorizes the EPA Chesapeake Bay Program. The Administration has not adopted a formal position on the bill, but I want to close my testimony with some general comments on the legislation.

HR 4126 builds upon the existing authorization in Section 117 of the Federal Water Pollution Control Act. That is a sensible approach. The Program has a rich history, and it is effective to build upon the extensive collaboration and Program successes developed over the past twenty years.

The bill contains a number of new reporting requirements for both the states and the EPA. These reports are directly linked to the tributary strategies and are designed to provide the public and policy makers with useful information

in evaluating the success of restoration efforts. Those same data are essential to the adaptive management approach used by natural resource managers and pollution reduction officials in the restoration effort. EPA and the Chesapeake Bay Program in particular have been working diligently to better link restoration actions with environmental results. While the exact number of reports and their associated deadlines are certainly open to discussion, the recent Bay Program publications, Chesapeake Bay 2005 Health and Restoration Assessment Part One: Ecosystem Health and Part Two: Restoration Efforts, provide a template for the kind of reports envisioned in HR 4126.

The legislation also formally engages the "headwater" states of Delaware, New York and West Virginia, which builds upon the current work of the Program. Memoranda of Understanding were established several years ago so that all these jurisdictions are currently and actively involved in water quality restoration efforts. Therefore, these legislative provisions would codify existing and strong working relationships.

Similarly, the legislation recognizes the crucial role of local governments have in the restoration effort. Growth issues are among the most difficult facing the Program partners, and local governments are the decision makers in this arena. In conjunction with our state partners, we believe that engaging local governments more directly is certainly important.

IV. CONCLUSION

We have made a major investment in the restoration of the Chesapeake Bay and are seeing improvements, but more work remains to achieve the Program's long term goals. We will continue to work with this Committee and the many partners, stakeholders, and citizens who want to accelerate the pace of environmental protection and restoration. This concludes my prepared remarks; I would be happy to respond to any questions you may have.

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